

HB 503

2005
CS

CHAMBER ACTION

1 The Economic Development, Trade & Banking Committee recommends
2 the following:

3
4 **Council/Committee Substitute**

5 Remove the entire bill and insert:

6 A bill to be entitled

7 An act relating to the community contribution tax credit;
8 amending s. 212.08, F.S.; increasing the total amount of
9 tax credits available as grants for certain programs;
10 deleting a provision authorizing the Office of Tourism,
11 Trade, and Economic Development to reserve certain
12 portions of certain annual tax credits for eligible
13 sponsors of certain low-income housing projects; requiring
14 the office to reserve certain portions of available annual
15 tax credits for eligible sponsors of certain low-income
16 housing projects; providing requirements, criteria, and
17 limitations; extending an expiration date; amending s.
18 220.03, F.S.; revising a definition to delete a provision
19 authorizing the office to reserve certain portions of
20 available annual tax credits for eligible sponsors of
21 certain low-income housing projects; extending an
22 expiration date; amending ss. 220.183 and 624.5105, F.S.;
23 increasing the amount of available annual community

Page 1 of 18

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

hb0503-01-c1

HB 503

2005
CS

24 contribution tax credits; revising eligibility criteria;
25 requiring the office to reserve certain portions of
26 available annual tax credits for eligible sponsors of
27 certain low-income housing projects; providing
28 requirements, criteria, and limitations; extending an
29 expiration date; providing an effective date.

30
31 Be It Enacted by the Legislature of the State of Florida:

32
33 Section 1. Paragraph (q) of subsection (5) of section
34 212.08, Florida Statutes, is amended to read:

35 212.08 Sales, rental, use, consumption, distribution, and
36 storage tax; specified exemptions.--The sale at retail, the
37 rental, the use, the consumption, the distribution, and the
38 storage to be used or consumed in this state of the following
39 are hereby specifically exempt from the tax imposed by this
40 chapter.

41 (5) EXEMPTIONS; ACCOUNT OF USE.--

42 (q) Community contribution tax credit for donations.--

43 1. Authorization.--Beginning July 1, 2001, persons who are
44 registered with the department under s. 212.18 to collect or
45 remit sales or use tax and who make donations to eligible
46 sponsors are eligible for tax credits against their state sales
47 and use tax liabilities as provided in this paragraph:

48 a. The credit shall be computed as 50 percent of the
49 person's approved annual community contribution;

50 b. The credit shall be granted as a refund against state
51 sales and use taxes reported on returns and remitted in the 12

HB 503

2005
CS

months preceding the date of application to the department for the credit as required in sub-subparagraph 3.c. If the annual credit is not fully used through such refund because of insufficient tax payments during the applicable 12-month period, the unused amount may be included in an application for a refund made pursuant to sub-subparagraph 3.c. in subsequent years against the total tax payments made for such year. Carryover credits may be applied for a 3-year period without regard to any time limitation that would otherwise apply under s. 215.26;

c. A ~~No~~ person may not ~~shall~~ receive more than \$200,000 in annual tax credits for all approved community contributions made in any one year;

d. All proposals for the granting of the tax credit ~~shall~~ require the prior approval of the Office of Tourism, Trade, and Economic Development;

e. The total amount of tax credits which may be granted for all programs approved under this paragraph, s. 220.183, and s. 624.5105 is \$20 ~~\$10~~ million annually; and

f. A person who is eligible to receive the credit provided for in this paragraph, s. 220.183, or s. 624.5105 may receive the credit only under the one section of the person's choice.

2. Eligibility requirements.--

a. A community contribution by a person must be in the following form:

- (I) Cash or other liquid assets;
- (II) Real property;
- (III) Goods or inventory; or

HB 503

2005
CS

79 (IV) Other physical resources as identified by the Office
80 of Tourism, Trade, and Economic Development.

81 b. All community contributions must be reserved
82 exclusively for use in a project. As used in this sub-
83 subparagraph, the term "project" means any activity undertaken
84 by an eligible sponsor which is designed to construct, improve,
85 or substantially rehabilitate housing that is affordable to low-
86 income or very-low-income households as defined in s.

87 420.9071(19) and (28); designed to provide commercial,
88 industrial, or public resources and facilities; or designed to
89 improve entrepreneurial and job-development opportunities for
90 low-income persons. A project may be the investment necessary to
91 increase access to high-speed broadband capability in rural
92 communities with enterprise zones, including projects that
93 result in improvements to communications assets that are owned
94 by a business. A project may include the provision of museum
95 educational programs and materials that are directly related to
96 any project approved between January 1, 1996, and December 31,
97 1999, and located in an enterprise zone as referenced in s.

98 290.00675. This paragraph does not preclude projects that
99 propose to construct or rehabilitate housing for low-income or
100 very-low-income households on scattered sites. ~~The Office of~~
101 ~~Tourism, Trade, and Economic Development may reserve up to 50~~
102 ~~percent of the available annual tax credits for housing for~~
103 ~~very low income households pursuant to s. 420.9071(28) for the~~
104 ~~first 6 months of the fiscal year.~~ With respect to housing,
105 contributions may be used to pay the following eligible low-
106 income and very-low-income housing-related activities:

Page 4 of 18

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

hb0503-01-c1

HB 503

2005
CS

107 (I) Project development impact and management fees for
108 low-income or very-low-income housing projects;
109 (II) Down payment and closing costs for eligible persons,
110 as defined in s. 420.9071(19) and (28);
111 (III) Administrative costs, including housing counseling
112 and marketing fees, not to exceed 10 percent of the community
113 contribution, directly related to low-income or very-low-income
114 projects; and
115 (IV) Removal of liens recorded against residential
116 property by municipal, county, or special district local
117 governments when satisfaction of the lien is a necessary
118 precedent to the transfer of the property to an eligible person,
119 as defined in s. 420.9071(19) and (28), for the purpose of
120 promoting home ownership. Contributions for lien removal must be
121 received from a nonrelated third party.
122 c. The project must be undertaken by an "eligible
123 sponsor," which includes:
124 (I) A community action program;
125 (II) A nonprofit community-based development organization
126 whose mission is the provision of housing for low-income or
127 very-low-income households or increasing entrepreneurial and
128 job-development opportunities for low-income persons;
129 (III) A neighborhood housing services corporation;
130 (IV) A local housing authority created under chapter 421;
131 (V) A community redevelopment agency created under s.
132 163.356;
133 (VI) The Florida Industrial Development Corporation;

HB 503

2005
CS

(VII) A historic preservation district agency or organization;

(VIII) A regional workforce board;

(IX) A direct-support organization as provided in s. 1009.983;

(X) An enterprise zone development agency created under s. 290.0056;

(XI) A community-based organization incorporated under chapter 617 which is recognized as educational, charitable, or scientific pursuant to s. 501(c)(3) of the Internal Revenue Code and whose bylaws and articles of incorporation include affordable housing, economic development, or community development as the primary mission of the corporation;

(XII) Units of local government;

(XIII) Units of state government; or

(XIV) Any other agency that the Office of Tourism, Trade, and Economic Development designates by rule.

In no event may a contributing person have a financial interest in the eligible sponsor.

d. The project must be located in an area designated an enterprise zone or a Front Porch Florida Community pursuant to s. 20.18(6), unless the project increases access to high-speed broadband capability for rural communities with enterprise zones but is physically located outside the designated rural zone boundaries. Any project designed to construct or rehabilitate housing for low-income or very-low-income households as defined

HB 503

2005
CS

161 in s. 420.0971(19) and (28) is exempt from the area requirement
162 of this sub-subparagraph.

163 e.(I) The Office of Tourism, Trade, and Economic
164 Development shall reserve 60 percent of the available annual tax
165 credits for donations made to eligible sponsors for projects
166 that provide homeownership opportunities for low-income or very-
167 low-income households as defined in s. 420.9071(19) and (28) for
168 the first 2 months of the fiscal year. If less than 60 percent
169 of the annual tax credits for donations made to eligible
170 sponsors for projects that provide homeownership opportunities
171 for low-income or very-low-income households are approved within
172 the first 2 months of the fiscal year, the office may approve
173 the balance of available credits for donations made to eligible
174 sponsors for projects other than those that provide
175 homeownership opportunities for low-income or very-low-income
176 households.

177 (II) The office shall reserve 40 percent of the available
178 annual tax credits for donations made to eligible sponsors for
179 projects other than those that provide homeownership
180 opportunities for low-income or very-low-income households as
181 defined in s. 420.9071(19) and (28) for the first 2 months of
182 the fiscal year. If less than 40 percent of the annual tax
183 credits for donations made to eligible sponsors for projects
184 other than those that provide homeownership opportunities for
185 low-income or very-low-income households are approved within the
186 first 2 months of the fiscal year, the office may approve the
187 balance of available credits for donations made to eligible

HB 503

2005
CS

sponsors for projects that provide homeownership opportunities for low-income or very-low-income households.

(III) If, during the first 10 business days of the state fiscal year, tax credit applications are received for more than 60 percent of available annual tax credits for approved projects that provide homeownership opportunities for low-income or very-low-income households, the office shall grant the tax credits for such applications as follows:

(A) If tax credit applications submitted for approved projects of an eligible sponsor do not exceed \$200,000 in total, the credits shall be granted in full if the tax credit applications are approved and subject to sub-sub-subparagraph (I).

(B) If tax credit applications submitted for approved projects of an eligible sponsor exceed \$200,000 in total, the amount of tax credit granted under sub-sub-sub-subparagraph (A) shall be subtracted from the amount of available tax credits under sub-sub-subparagraph (I), and the remaining credits shall be granted to each approved tax credit application on a pro rata basis.

(C) If, after the first 2 months of the fiscal year, additional credits become available under sub-sub-subparagraph (II), the office shall grant the tax credits by first granting credits to those who received a pro rata reduction up to the full amount of their request and, if there are remaining credits, granting credits to those who applied on or after the 11th business day of the state fiscal year on a first-come, first-served basis.

HB 503

2005
CS

(IV) If, during the first 10 business days of the state fiscal year, tax credit applications are received for more than 40 percent of available annual tax credits for approved projects other than those that provide homeownership opportunities for low-income or very-low-income households, the office shall grant the tax credits to each approved tax credit application on a pro rata basis. If, after the first 2 months of the fiscal year, additional credits become available under sub-sub-subparagraph (I), the office shall grant the tax credits by first granting credits to those who received a pro rata reduction up to the full amount of their request and, if there are remaining credits, granting credits to those who applied on or after the 11th business day of the state fiscal year on a first-come, first-served basis.

3. Application requirements.--

a. Any eligible sponsor seeking to participate in this program must submit a proposal to the Office of Tourism, Trade, and Economic Development which sets forth the name of the sponsor, a description of the project, and the area in which the project is located, together with such supporting information as is prescribed by rule. The proposal must also contain a resolution from the local governmental unit in which the project is located certifying that the project is consistent with local plans and regulations.

b. Any person seeking to participate in this program must submit an application for tax credit to the Office of Tourism, Trade, and Economic Development which sets forth the name of the sponsor, a description of the project, and the type, value, and

HB 503

2005
CS

244 | purpose of the contribution. The sponsor shall verify the terms
245 | of the application and indicate its receipt of the contribution,
246 | which verification must be in writing and accompany the
247 | application for tax credit. The person must submit a separate
248 | tax credit application to the office for each individual
249 | contribution that it makes to each individual project.

250 | c. Any person who has received notification from the
251 | Office of Tourism, Trade, and Economic Development that a tax
252 | credit has been approved must apply to the department to receive
253 | the refund. Application must be made on the form prescribed for
254 | claiming refunds of sales and use taxes and be accompanied by a
255 | copy of the notification. A person may submit only one
256 | application for refund to the department within any 12-month
257 | period.

258 | 4. Administration.--

259 | a. The Office of Tourism, Trade, and Economic Development
260 | may adopt rules pursuant to ss. 120.536(1) and 120.54 necessary
261 | to administer this paragraph, including rules for the approval
262 | or disapproval of proposals by a person.

263 | b. The decision of the Office of Tourism, Trade, and
264 | Economic Development must be in writing, and, if approved, the
265 | notification shall state the maximum credit allowable to the
266 | person. Upon approval, the office shall transmit a copy of the
267 | decision to the Department of Revenue.

268 | c. The Office of Tourism, Trade, and Economic Development
269 | shall periodically monitor all projects in a manner consistent
270 | with available resources to ensure that resources are used in

HB 503

2005
CS

271 accordance with this paragraph; however, each project must be
272 reviewed at least once every 2 years.

273 d. The Office of Tourism, Trade, and Economic Development
274 shall, in consultation with the Department of Community Affairs,
275 the Florida Housing Finance Corporation, and the statewide and
276 regional housing and financial intermediaries, market the
277 availability of the community contribution tax credit program to
278 community-based organizations.

279 5. Expiration.--This paragraph expires June 30, 2015 ~~2005~~;
280 however, any accrued credit carryover that is unused on that
281 date may be used until the expiration of the 3-year carryover
282 period for such credit.

283 Section 2. Paragraph (t) of subsection (1) of section
284 220.03, Florida Statutes, is amended to read:

285 220.03 Definitions.--

286 (1) SPECIFIC TERMS.--When used in this code, and when not
287 otherwise distinctly expressed or manifestly incompatible with
288 the intent thereof, the following terms shall have the following
289 meanings:

290 (t) "Project" means any activity undertaken by an eligible
291 sponsor, as defined in s. 220.183(2)(c), which is designed to
292 construct, improve, or substantially rehabilitate housing that
293 is affordable to low-income or very-low-income households as
294 defined in s. 420.9071(19) and (28); designed to provide
295 commercial, industrial, or public resources and facilities; or
296 designed to improve entrepreneurial and job-development
297 opportunities for low-income persons. A project may be the
298 investment necessary to increase access to high-speed broadband

HB 503

2005
CS

299 capability in rural communities with enterprise zones, including
300 projects that result in improvements to communications assets
301 that are owned by a business. A project may include the
302 provision of museum educational programs and materials that are
303 directly related to any project approved between January 1,
304 1996, and December 31, 1999, and located in an enterprise zone
305 as referenced in s. 290.00675. This paragraph does not preclude
306 projects that propose to construct or rehabilitate low-income or
307 very-low-income housing on scattered sites. ~~The Office of~~
308 ~~Tourism, Trade, and Economic Development may reserve up to 50~~
309 ~~percent of the available annual tax credits under s. 220.181 for~~
310 ~~housing for very-low-income households pursuant to s.~~
311 ~~420.9071(28) for the first 6 months of the fiscal year.~~ With
312 respect to housing, contributions may be used to pay the
313 following eligible project-related activities:

- 314 1. Project development, impact, and management fees for
315 low-income or very-low-income housing projects;
- 316 2. Down payment and closing costs for eligible persons, as
317 defined in s. 420.9071(19) and (28);
- 318 3. Administrative costs, including housing counseling and
319 marketing fees, not to exceed 10 percent of the community
320 contribution, directly related to low-income or very-low-income
321 projects; and
- 322 4. Removal of liens recorded against residential property
323 by municipal, county, or special-district local governments when
324 satisfaction of the lien is a necessary precedent to the
325 transfer of the property to an eligible person, as defined in s.
326 420.9071(19) and (28), for the purpose of promoting home

HB 503

2005
CS

ownership. Contributions for lien removal must be received from a nonrelated third party.

The provisions of this paragraph shall expire and be void on June 30, 2015 ~~2005~~.

Section 3. Paragraph (c) of subsection (1), paragraph (b) of subsection (2), and subsection (5) of section 220.183, Florida Statutes, are amended to read:

220.183 Community contribution tax credit.--

(1) AUTHORIZATION TO GRANT COMMUNITY CONTRIBUTION TAX CREDITS; LIMITATIONS ON INDIVIDUAL CREDITS AND PROGRAM SPENDING.--

(c) The total amount of tax credit which may be granted for all programs approved under this section, s. 212.08(5)(q), and s. 624.5105 is \$20 ~~\$10~~ million annually.

(2) ELIGIBILITY REQUIREMENTS.--

(b)1. All community contributions must be reserved exclusively for use in projects as defined in s. 220.03(1)(t).

2. The Office of Tourism, Trade, and Economic Development shall ~~may~~ reserve 60 ~~up to 50~~ percent of the available annual tax credits for housing for donations made to eligible sponsors for projects that provide homeownership opportunities for low-income or very-low-income households as defined in pursuant to s. 420.9071(19) and (28) for the first 2 ~~6~~ months of the fiscal year. If less than 60 percent of the annual tax credits for donations made to eligible sponsors for projects for low-income or very-low-income households are approved within the first 2 months of the fiscal year, the office may approve the balance of

Page 13 of 18

HB 503

2005
CS

355 available credits for donations made to eligible sponsors for
356 projects other than those that provide homeownership
357 opportunities for low-income or very-low-income households.

358 3. The office shall reserve 40 percent of the available
359 annual tax credits for donations made to eligible sponsors for
360 projects other than those that provide homeownership
361 opportunities for low-income or very-low-income households as
362 defined in s. 420.9071(19) and (28) for the first 2 months of
363 the fiscal year. If less than 40 percent of the annual tax
364 credits for donations made to eligible sponsors for projects
365 other than those that provide homeownership opportunities for
366 low-income or very-low-income households are approved within the
367 first 2 months of the fiscal year, the office may approve the
368 balance of available credits for donations made to eligible
369 sponsors for projects that provide homeownership opportunities
370 for low-income or very-low-income households.

371 4. If, during the first 10 business days of the state
372 fiscal year, tax credit applications are received for more than
373 60 percent of available annual tax credits for approved projects
374 that provide homeownership opportunities for low-income or very-
375 low-income households, the office shall grant the tax credits
376 for such applications as follows:

377 a. If tax credit applications submitted for approved
378 projects of an eligible sponsor do not exceed \$200,000 in total,
379 the credits shall be granted in full if the tax credit
380 applications are approved and subject to subparagraph 2.

381 b. If tax credit applications submitted for approved
382 projects of an eligible sponsor exceed \$200,000 in total, the

HB 503

2005
CS

amount of tax credits granted under sub-subparagraph a. shall be subtracted from the amount of available tax credits under subparagraph 2., and the remaining credits shall be granted to each approved tax credit application on a pro rata basis.

c. If, after the first 2 months of the fiscal year, additional credits become available under subparagraph 3., the office shall grant the tax credits by first granting credits to those who received a pro rata reduction up to the full amount of their request and, if there are remaining credits, granting credits to those who applied on or after the 11th business day of the state fiscal year on a first-come, first-served basis.

5. If, during the first 10 business days of the state fiscal year, tax credit applications are received for more than 40 percent of available annual tax credits for approved projects other than those that provide homeownership opportunities for low-income or very-low-income households, the office shall grant the tax credits to each approved tax credit application on a pro rata basis. If, after the first 2 months of the fiscal year, additional credits become available under subparagraph 2., the office shall grant the tax credits by first granting credits to those who received a pro rata reduction up to the full amount of their request and, if there are remaining credits, granting credits to those who applied on or after the 11th business day of the state fiscal year on a first-come, first-served basis.

(5) EXPIRATION.--The provisions of this section, except paragraph (1)(e), shall expire and be void on June 30, 2015 2005.

HB 503

2005
CS

Section 4. Paragraph (c) of subsection (1) and subsection (6) of section 624.5105, Florida Statutes, are amended, and paragraph (e) is added to subsection (2) of said section, to read:

624.5105 Community contribution tax credit; authorization; limitations; eligibility and application requirements; administration; definitions; expiration.--

(1) AUTHORIZATION TO GRANT TAX CREDITS; LIMITATIONS.--

(c) The total amount of tax credit which may be granted for all programs approved under this section, s. 212.08(5)(q), and s. 220.183 is \$20 ~~\$10~~ million annually.

(2) ELIGIBILITY REQUIREMENTS.--

(e)1. The Office of Tourism, Trade, and Economic Development shall reserve 60 percent of the available annual tax credits for donations made to eligible sponsors for projects that provide homeownership opportunities for low-income or very-low-income households as defined in s. 420.9071(19) and (28) for the first 2 months of the fiscal year. If less than 60 percent of the annual tax credits for donations made to eligible sponsors for projects that provide homeownership opportunities for low-income or very-low-income households are approved within the first 2 months of the fiscal year, the office may approve the balance of available credits for donations made to eligible sponsors for projects other than those that provide homeownership opportunities for low-income or very-low-income households.

2. The office shall reserve 40 percent of the available annual tax credits for donations made to eligible sponsors for

HB 503

2005
CS

projects other than those that provide homeownership opportunities for low-income or very-low-income households as defined in s. 420.9071(19) and (28) for the first 2 months of the fiscal year. If less than 40 percent of the annual tax credits for donations made to eligible sponsors for projects other than those that provide homeownership opportunities for low-income or very-low-income households are approved within the first 2 months of the fiscal year, the office may approve the balance of available credits for donations made to eligible sponsors for projects that provide homeownership opportunities for low-income or very-low-income households.

3. If, during the first 10 business days of the state fiscal year, tax credit applications are received for more than 60 percent of available annual tax credits for approved projects that provide homeownership opportunities for low-income or very-low-income households, the office shall grant the tax credits for such applications as follows:

a. If tax credit applications submitted for approved projects of an eligible sponsor do not exceed \$200,000 in total, the credits shall be granted in full if the tax credit applications are approved and subject to subparagraph 1.

b. If tax credit applications submitted for approved projects of an eligible sponsor exceed \$200,000 in total, the amount of tax credits granted under sub-subparagraph a. shall be subtracted from the amount of available tax credits under subparagraph 1., and the remaining credits shall be granted to each approved tax credit application on a pro rata basis.

HB 503

2005
CS

465 c. If, after the first 2 months of the fiscal year,
466 additional credits become available under subparagraph 2., the
467 office shall grant the tax credits by first granting credits to
468 those who received a pro rata reduction up to the full amount of
469 their request and, if there are remaining credits, granting
470 credits to those who applied on or after the 11th business day
471 of the state fiscal year on a first-come, first-served basis.

472 4. If, during the first 10 business days of the state
473 fiscal year, tax credit applications are received for more than
474 40 percent of available annual tax credits for approved projects
475 other than those that provide homeownership opportunities for
476 low-income or very-low-income households, the office shall grant
477 the tax credits to each approved tax credit application on a pro
478 rata basis. If, after the first 2 months of the fiscal year,
479 additional credits become available under subparagraph 1., the
480 office shall grant the tax credits by first granting credits to
481 those who received a pro rata reduction up to the full amount of
482 their request and, if there are remaining credits, granting
483 credits to those who applied on or after the 11th business day
484 of the state fiscal year on a first-come, first-served basis.

485 (6) EXPIRATION.--The provisions of this section, except
486 paragraph (1)(e), shall expire and be void on June 30, 2015
487 ~~2005~~.

488 Section 5. This act shall take effect July 1, 2005.